



KEN STUZIN ON NORTH AMERICA

Large-cap growth stocks provide unique value amid uncertainty

We believe US large-cap growth stocks allow investors to “check the box” on many of the important trends driving markets today. For starters, large-cap growth companies combine the ingenuity, experience and desire to grow in an era in which investors cannot depend on a rising tide to lift all boats. Furthermore, growth and size are not mutually exclusive characteristics. To a fault, many investors believe growth to be a derivation of size – to find growth you somehow have to start small.

That is certainly not the case, especially when you consider many large-cap companies have the capacity to leverage a cash-rich balance sheet alongside a global distribution network that provides

Bull and Bear points

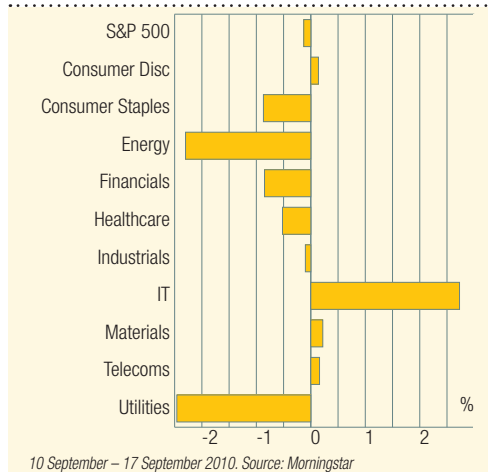
Fears of a double-dip recession begin to wane

Political rhetoric results in protectionist policies

US large-cap companies continue to benefit from EM growth

Sovereign debt issues continue to linger

S&P 500 sector returns



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access to some of the fastest-growing markets the world over. In that regard, approximately 55% of the revenues in our portfolio of US-domiciled companies are generated from foreign operations. And only 15% of those non-US revenue streams stem from Western Europe.

And while certain industries such as finance, energy and basic materials will almost always have a state-sponsored champion that inherently skews the playing field at the expense of foreign competition, growth-oriented sectors like health care and information technology often provide products and services that cannot be reverse-engineered and sold for a lower price.

For example, fundamentals such as aging popula-

tions, increasing incidences of chronic diseases, and technological innovations will continue driving global health care demand, regardless of how the public and private sectors end up splitting the bill. A company like Stericycle, a worldwide regulator of medical waste for institutions such as hospitals, blood banks and pharmaceutical manufacturers, should directly benefit as major demographic shifts continue to drive global health care spending even higher.

Despite the constant media barrage of what some are predicting to be a “double-dip” recession, many growth companies continue to perform almost as if the global economy were humming right along. Globally diversified revenue streams that can leverage emerging markets provide meaningful tailwinds, as the financial crisis hardly disrupted this growth.

Despite the recent rally, markets are not expensive, even if 2011 estimates need to come down. We do not like to pontificate on which way the market may be heading, but we do believe the framework is about to shift to one where making money in equities is much more selective.

Ken Stuzin is manager of the Brown Advisory US Equity Growth Strategy

(IMA) North America: over three years

Top 5	3yr % Chg	Rank	Volatility (monthly)	Fund size (m) (£)	Morningstar Rating™
Neptune US Opportunities A	21.27	1	5.6	581.24	★★★★★
GAM North American Growth Inc	21.22	2	6.07	76.08	★★★★★
Schroder US Mid Cap Acc	20.44	3	5.9	544.73	★★★★★
CF Canlife North American	13.37	4	5.77	102.29	★★★★★
Jupiter North American Income Inc	12.32	5	5.29	265.99	★★★★
Bottom 5					
JPM US Dynamic A (dist) - USD	-15.87	69	5.9	430.66	★
AEGON American Equity A	-18.46	70	6.87	20.15	★
Franklin Mutual Shares A Acc	-20.93	71	6.56	14.04	★
Digital Stars US GBP	-28.35	72	7.6	2.09	★
Legg Mason US Equity A	-32.58	73	7.79	97.56	★
Sector average	-0.41	73	6.11	239.46	

Performances calculated bid to bid, net income re-invested, GBP to 17/09/10. Data Source: © 2010 Morningstar, Inc. All Rights Reserved.